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The President's Daily Brief

May 9, 1974

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FOR THE PRESIDENT ONLY

THE PRESIDENT'S DAILY BRIEF

May 9, 1974

PRINCIPAL DEVELOPMENTS

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The Soviets

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(Page 1)

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The military situation in Cambodia is discussed on Page 3.

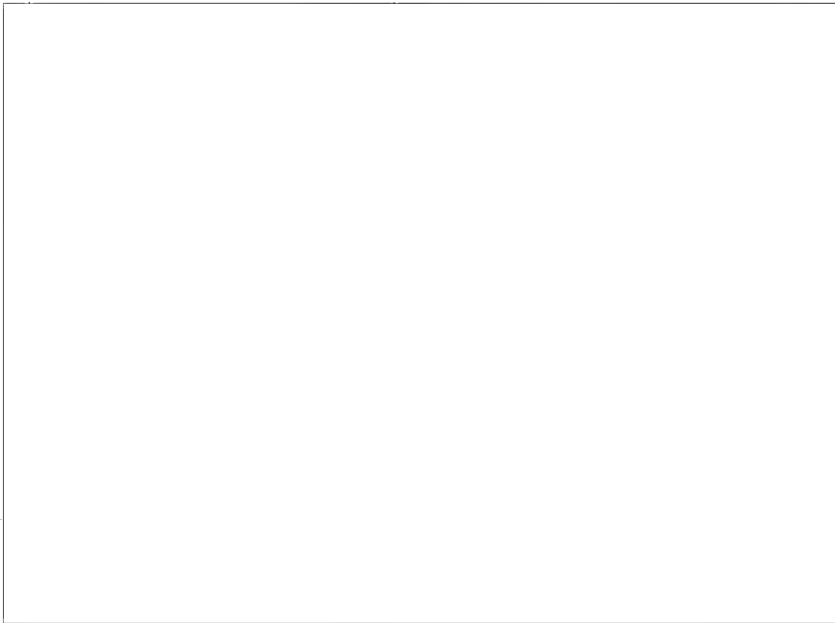
The Pluton surface-to-surface missile is now operational with one French artillery regiment. (Page 4)

Notes on the USSR, Israel-Syria, Guyana, China, and Iceland begin on Page 5.

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USSR



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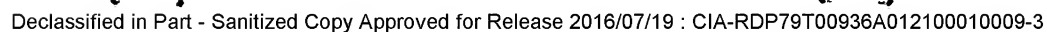
CANADA

Prime Minister Trudeau's minority government was toppled last night when his New Democratic allies joined the Progressive Conservatives to reject the government's budget message. Trudeau is expected today to ask Governor-General Leger to dissolve parliament and set elections for early July.

The Liberal - New Democratic Party alliance had been showing signs of strain for several months. In face of increasingly effective criticism of government economic policies by the Conservatives, the New Democrats reassessed their position and decided to dump the Prime Minister. Many New Democrats believed that continued association with his economic policies was becoming an electoral liability.

The tone of the budget debate suggests a hard-hitting election campaign. The dominant issue will be inflation; cost-of-living rose 9.1 percent in 1973 and is running at about 10 percent this year. It seems unlikely that either the Liberals or the Tories will be able to win a majority of the parliamentary seats in July, but much will depend on how the electorate reacts to Trudeau's performance during the campaign. In 1968, his colorful style caught the voters' imagination and he led the Liberals to an overwhelming victory. In 1972, however, he chose to run a more subdued campaign and his aloofness contributed significantly to heavy Liberal losses.

The course of Canadian-US relations should remain unaffected by the results of the election. All parties favor, to one degree or another, Ottawa's present policy of trying to achieve greater independence from the US.



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CAMBODIA

Combat continues on widely separated fronts as the Khmer Communists press their campaign against government holdings in the countryside.

In the far southwest, the Communists have attacked government positions along a 20-mile stretch of Route 4 east of the port city of Kompong Som. Government casualties have been relatively light, but four 105-mm. howitzers were lost when the insurgents occupied the small towns of Veal Renh and O Chamnar. Communist strength in this area is not great, and there is no immediate threat to the nearby naval and air bases at Ream. The government nonetheless is reinforcing Ream with units from Kampot.

Closer to Phnom Penh, the base at Lovek remains the target of sporadic artillery and mortar fire. Communist ground pressure has slackened, however, and Lovek's defenders are making cautious efforts to expand their defensive perimeter. East of Phnom Penh, fighting at the provincial capital of Prey Veng has now settled into a familiar pattern of ground probes and shellings.

Kompong Thom, 75 miles north of Phnom Penh, may be the next provincial capital to come under heavy pressure. A recent intercept showed Communist plans to attack the city's outlying defenses within the next few days. The Communists have been preparing for a push against Kompong Thom since early March and may have as many as 3,000 troops in the area. The government garrison of 3,500 men is braced for the attacks.

French Pluton Missile on Launcher Vehicle



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FRANCE

The Pluton surface-to-surface missile is now operational with one French artillery regiment, according to an armed forces announcement. Five additional regiments are each scheduled to receive six launchers. The Pluton will provide nuclear fire support to French ground forces. Mounted on a modified AMX-30 tank chassis

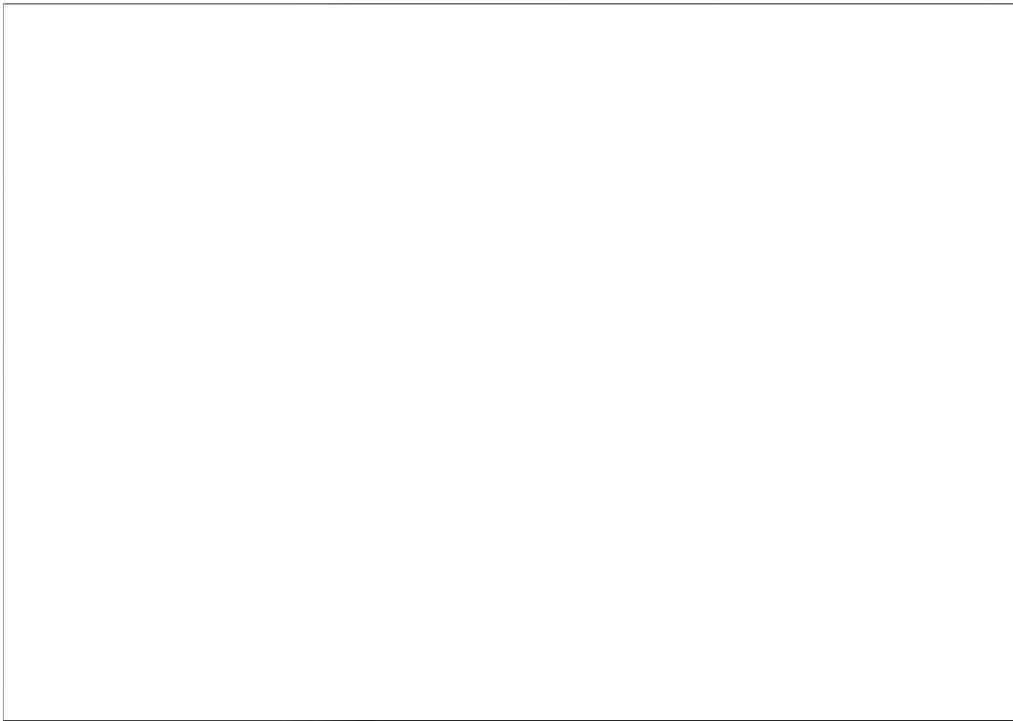
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The West Germans have been concerned that the French might use the Pluton against hostile forces on West German territory without their permission. The missile does not have the range to reach beyond West Germany without being moved into it, and Paris has never negotiated the arrangements for doing so with Bonn.

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NOTES

USSR: [REDACTED]

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Israel-Syria: Fighting on the Syrian front was light for the second consecutive day. Only sporadic tank and artillery fire occurred along the front. Israeli air activity was also light, with flights restricted to reconnaissance missions and defensive patrols. Israeli aircraft continued to conduct reconnaissance flights near Mount Hermon, presumably to monitor Syrian road-building activity there.

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Guyana: Prime Minister Burnham [REDACTED] will soon begin nationalization procedures against Reynolds Guyana Mines, a US-owned bauxite producer. The Reynolds operation, covered by \$14.3 million in OPIC insurance, is the only privately owned bauxite facility still functioning in Guyana; a much larger one owned by Alcan was nationalized in July 1971. The government is likely to compensate Reynolds, at least partially.

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China: Prospects for this year's early grain harvest, which provides China with almost two thirds of its total, are generally unfavorable. Last fall the planting of winter crops was hampered by bad weather, and the winter and spring were the coldest and driest in recent years. Lingering cold has in the past sometimes been a harbinger of more serious trouble--north China has been deluged by torrential monsoon rains, while the normally wet south has been stricken by drought.

(continued)

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Iceland: Prime Minister Johannesson dissolved parliament early this morning and called elections for June 30. His government collapsed over anti-inflation measures he called for without consulting his coalition partners, the Liberal Left Organization and the Communists. The election will probably return to power the Social Democratic and Independent parties. Such a coalition is expected to be more inclined to negotiate a base agreement that will enable the US to maintain a sizable force at Keflavik.

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